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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/678,030	09/30/2003	Corinne Bortolin	16222U-016000US	6668

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EXAMINER

LAstra, DANIEL

ART UNIT	PAPER NUMBER
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3688

MAIL DATE	DELIVERY MODE
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PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No. 10/678,030	Applicant(s) BORTOLIN ET AL.	
	Examiner DANIEL LASTRA	Art Unit 3688	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 14 May 2010.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1,4-6,8,10,11,13,28,31-33,35,37,38,40,43-45 and 49-54 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1, 4-6, 8, 10-11, 13, 28, 31-33, 35, 37-38, 40, 43-45 and 49-54 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|---|---|
| 1) ☒ Notice of References Cited (PTO-892) | 4) ☐ Interview Summary (PTO-413) |
| 2) ☐ Notice of Draftperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) ☐ Information Disclosure Statement(s) (PTO/SB/08) | 5) ☐ Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____ | 6) ☐ Other: _____ |

DETAILED ACTION

1. Claims 1, 4-6, 8, 10-11, 13, 28, 31-33, 35, 37-38, 40, 43-45 and 49-54 have been examined. Application 10/678,030 (METHOD AND SYSTEM FOR MANAGING REWARD REVERSAL AFTER POSTING) has a filing date 09/30/2003.

Response to Amendment

2. In response to Final Rejection filed 01/14/10, the Applicant filed an RCE on 05/14/10, which amended claims 1, 28, 33, 40, cancel claims 2, 7, 29, 34, 36, 42, 46-48 and added new claims 52-54 .

Claim Rejections - 35 USC § 103

3. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims _____ are rejected under 35 U.S.C. 103(a) as being unpatentable over Fowler (US 2002/0026348) in view of Strock (US 2006/0259364) and further in view of Churchill (US 7,461,022) and Fajkowski (US 6,932,270).

Claims 1, 28, 33, 40, Fowler teaches:

A system for managing reward reversals in connection with a loyalty program, comprising:

A computer comprising:

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control logic configured to receive information relating to a previously completed transaction that is to be reversed including a total value being returned and a total value of the previously completed transaction, the previously completed transaction being associated with an account linked to the loyalty program (see paragraph 23 “user behavior that change the earned rewards include product returns”); control logic configured to determine reversal information for the transaction to be reversed (see paragraph 23 “user behavior that change the earned rewards include product returns”).

Fowler does not expressly teach wherein the reversal information determination includes determining that the total value of the previously completed transaction had earned an accumulate award, determining a new total transaction value to account for the total value being returned and determining if the new total transaction value earns any accumulated reward, governed by one or more rules including an expiration limit on when the previously completed transaction can be reversed and an override of the expiration limit, wherein the total value being returned is less than the total value of the previously completed transaction, control logic configured to use the reversal information to back out the accumulated reward earned for the previously completed transaction, control logic configured to restore any reward that was redeemed as part of the previously completed transaction, control logic configured use the reversal information to add any accumulated reward for the new total transaction value to the account, control logic configured to determine whether the account has a negative reward value; control logic configured to create an escrow account upon the reversal of

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the previously completed transaction, the escrow account having the negative reward value, control logic configured to clear the escrow account upon one or more transactions completed after the reversal, and control logic configured to use the reversal information to reverse the previously completed transaction and update the account. However, Strock teaches that it is old and well known in the promotion art at the time the application was made to know that any credit card transaction that is subsequent reversed by a matching credit card transaction (e.g. return, adjustment, etc) may have its initial related rewards earning reversed (i.e. nullified). Also, even if that reverse transaction happened after the credit card account had issued a statement to the customer or the initial reward has been redeemed, thus, it may be possible to have negative reward balance. For instance, when the Interrogate Reward account transaction module processes refund or other credit card transaction data from the transaction processor, it may automatically reverse any reward earned by a prior corresponding debit transaction (see paragraph 216). Furthermore, Churchill teaches that it is old and well known in the promotion art to hold earned points in "escrow" for some time (e.g. 30 days) upon issuance in order to account for any returns of merchandise or dispute charges (see Churchill col 22, lines 30-5). Therefore, it would have been obvious to a person of ordinary skill in the art at the time the application was made, to know that Fowler would use escrow accounts to keep track of accumulation of number of products purchased or value of said product purchased due to products returns, as taught by Churchill in order to update an accumulation reward account when products are returned to a merchant.

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Furthermore, Official Notice is taken that it is old and well known in the promotion art that vendors have expiration limits in allowing refunds (e.g. 30 days) and also that Fajkowski teaches that it is old and well known in the promotion to override the expiration limit of coupons (see col 19, lines 55-67). Therefore, it would have been obvious to a person of ordinary skill in the art at the time the application was made, to know that Fowler would modify his invention to override of the expiration limit of coupons, as taught by Fajkowski in order to provide better customer service.

Fowler teaches a system where merchants create loyalty programs where users' behavior such as one or more purchases from a merchant, one or more purchases of specified goods from a merchant, one or more purchases of specified values from a merchant or a combination of these over a time period grants a user a reward (see paragraph 29). Fowler teaches that said rewards can be redeemed for cash, token, discounts on purchased products such as a coupon and where said redemption is premised upon any appropriate criteria, such as threshold point accumulation, threshold dollar value accumulation, acquisition of goods or services as stipulated by campaign rules (see paragraph 88). Therefore, due to the fact that in the Fowler's system, merchants reward users based upon said users accumulation of purchasing of certain products, or product value or a combination, then, Fowler's system tracks product returns and amount of returns (see paragraph 23) in order to keep track and update cumulative data, such as the number of transactions over time, the number and type or products purchased, purchases items and prices (see paragraph 23). Therefore, if for example, a merchant in the Fowler's system creates a loyalty program with a threshold

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product count accumulation (see paragraph 88) of three (3) products for a period of time of one month to obtain a 10% discount, then, if for example, a user in the Fowler's system purchased three (3) products in a period of one month, such as product A for \$10, product B for \$20 and later in the month product C for \$30, then the user's product count accumulation would be three and would have met the threshold product count accumulation (i.e. 3) which would allow said user to receive a 10% discount on a purchase product (i.e. $\$30 \times 10\% = \$3$). Because the threshold product count accumulation was met (i.e. 3) and the discount was redeemed, it would have been obvious to a person of ordinary skill in the art at the time the application was made, that Fowler's system would reset the user's product count accumulation (i.e. escrow account) from three to zero as the reward was redeemed for said three purchased products. Therefore, if for example, later in time said user returns products B and C, then it would have been obvious to a person of ordinary skill in the art at the time the application was made, that the Fowler's system would reverse the previous transaction, as the user did not purchase products B and C so said products cannot be counted in the user's product count accumulation and would return the user the purchased price of product B (\$20) and the purchase price of product C (\$30) less the discount of \$3. It would have been obvious to a person of ordinary skill in the art at the time the application was made, that Fowler would subtract two products from the user's product count accumulation, which had a value of zero, therefore, storing a negative number (i.e. -2) (i.e. escrow account), which would simply means that the user would need to purchase two more products to meet the threshold redemption accumulation which is

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three, as the previous transaction was reversed due to the returns of products B and C and the user would be placed in the previous position where said user was, which was that said user had only purchased product A and needed to purchase two more products to be able to redeem a reward. A product return simply means reversing a previous transaction. Therefore, it would have been obvious to a person of ordinary skill in the art at the time the application was made, to know that Fowler would modify his invention to keep track of any reward redemptions that have been granted and any credit card transaction that is subsequent reversed by a matching credit card transaction (e.g. return, adjustment, etc) would have its initial related rewards earning reversed (i.e. nullified), even if that reverse transaction happened after the credit card account had issued a statement to the customer or the initial reward has been redeemed, thus, it may be possible to have negative reward balance, as taught by Strock in order to prevent customers to earn awards by purchasing a product and later, returning said product. Furthermore, it would have been obvious to a person of ordinary skill in the art at the time the application was made, to know that Fowler would modify his invention to keep track of any reward redemptions that have been granted in view that the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

Claims 4, and 31, Fowler teaches:

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control logic configured to determine whether the previously completed transaction that is to be reversed is eligible for reversal (see paragraph 23).

Claims 5, and 32, Fowler teaches:

control logic configured to determine whether the previously completed transaction that is to be reversed is eligible for reversal, wherein the determination as to whether the previously completed transaction is eligible for reversal is made based on the one or more rules governing the loyalty program (see paragraph 23).

Claim 6, Fowler does not teach:

wherein the one or more rules governing the loyalty program includes a limit on number of times transactions can be reversed under the account. However, it would have been obvious to a person of ordinary skill in the art at the time the application that if Fowler keeps tracks of purchase transactions and product returns (see paragraph 23) that a customer would not be able to return more products that said customer bought in order to prevent to give free money to customers.

Claims 8, and 35, Fowler teaches:

wherein the one or more rules governing the loyalty program includes a policy provided by a sponsor of the loyalty program (see paragraph 19).

Claim 9, Fowler teaches:

wherein the one or more rules governing the loyalty program includes an order of precedence with respect to handling of two or more rewards involved in the previously completed transaction (see paragraph 20).

Claims 10 and 37, Fowler teaches:

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wherein the previously completed transaction was conducted with a portable device (see paragraph 21); and

wherein the determination as to whether the previously completed transaction is eligible for reversal is made based on whether the portable device is presented for reversing the previously completed transaction (see paragraph 21).

Claims 11 and 38, Fowler teaches:

wherein the control logic configured to use the reversal information to reverse the previously completed transaction and update the account includes:

control logic configured to update a reversal activity log after the previously completed transaction has been reversed (see paragraph 23).

Claim 13, Fowler teaches:

The computer is a point-of-sale device (see paragraph 21).

Claim 16, Fowler teaches:

control logic configured to update the account with information relating to any restored reward or adjusted accumulated reward (see paragraphs 23-26).

Claim 44, Fowler teaches:

wherein the control logic configured to use the reversal information to reverse the previously completed transaction and update the account comprises: control logic configured to determine a refund for the reversed transaction and store the history of the reversed transaction (see paragraph 23).

Claim 45, Fowler teaches:

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wherein the computer is configured to operate offline (see paragraph 38 “batch processing”).

Claim 49, Fowler teaches:

wherein the portable device includes a redemption level and an accumulation level.

Claims 50-51, Fowler does not teach:

wherein the method further comprises using the reversal information and the computer to restore any reward that was redeemed as part of the previously completed transaction. However, the same argument made in claims 1, 28, 33, 40 regarding this missing limitation is also made in claims 50-51.

Claim 52, Fowler teaches:

wherein the one or more rules comprises a requirement of a purchase of six qualifying products for a reward of ten percent off a purchase (see paragraph 88). A merchant in the Fowler's system creates a loyalty program with a threshold product count accumulation (see paragraph 88) which can be three (3) products for a period of time of one month to obtain a 10% discount or six (6) products.

Claim 53, Fowler does not teach:

the use of one count to continuously maintain the current purchase count while clearing the balance for return transactions by the use of a separate count. However, the same argument made in claims 1, 28, 33, 40 regarding this missing limitation is also made in claim 53.

Claim 54, Fowler teaches:

wherein the point-of-sale device is configured to operate offline, such that information is periodically transmitted from the point-of-sale device to a host through a communication medium (see paragraph 70).

Claim 43 is rejected under 35 U.S.C. 103(a) as being unpatentable over Fowler (US 2002/0026348) in view of Strock (US 2006/0259364) and further in view of Churchill (US 7,461,022), Fajkowski (US 6,932,270) and Beach (US 2002/0107738).

Claim 43, Fowler does not teach:

wherein a coupon has been provided to a portable device associated with the account, wherein the coupon is configured to be redeemed during a subsequent transaction, the method further comprising: removing the coupon from the portable device. However, Beach teaches that it is old and well known in the promotion art to store coupon redemption information in a POS terminal so that if a customer returns merchandise to a retail location for a refund, the refund amount can be calculated taking into account any coupon redemptions that have been granted (see Beach paragraph 39). Therefore, it would have been obvious to a person of ordinary skill in the art at the time the application was made, to know that Fowler and Strock would reverse coupon offers related to a requested refund due to a product return, as taught by Beach in order to prevent giving discounts to customers for returned products.

Response to Arguments

4. Applicant's arguments with respect to the claims have been considered but are moot in view of the new ground(s) of rejection.

Conclusion

5. Any inquiry concerning this communication or earlier communications from the examiner should be directed to DANIEL LASTRA whose telephone number is 571-272-6720 and fax 571-273-6720. The examiner can normally be reached on 8:00-5:00.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, JOHN WEISS can be reached on (571) 272-6812. The official Fax number is (571) 273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

/DANIEL LASTRA/
Primary Examiner, Art Unit 3688
November 7, 2010